

UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Pat Wood, III, Chairman;
William L. Massey, and Nora Mead Brownell.

Vector Pipeline L.P.

Docket No. CP98-131-005

ORDER AMENDING SECTION 3 AUTHORIZATION
AND AMENDING PRESIDENTIAL PERMIT

(Issued May 7, 2003)

1. On November 22, 2002, Vector Pipeline L.P. (Vector) filed an application pursuant to Section 153.16(b) of the Commission's Regulations, to amend its existing Presidential Permit issued May 27, 1999,¹ as amended on June 13, 2001.² The latest requested amendment would authorize Vector to increase the maximum capacity permitted to flow through the existing facilities from 1 MMDth per day to 1330 MMcf per day, based on the actual operating experience and updated flow models. The facilities are located at the boundary between the United States and Canada at the St. Clair River, near St. Clair, Michigan. Approval of Vector's request is in the public interest because it will allow, where operational and market conditions permit, additional cross-border volumes that can be used by market participants in both the United States and Canada.

2. On March 4, 2003, the Commission sent copies of Vector's application and a draft Amended Presidential Permit to the Secretary of State and the Secretary of Defense for their recommendations. Replies on behalf of the Secretary State dated March 19, 2003, and Secretary of Defense dated March 24, 2003, indicated no objection to issuance of the Amended Presidential Permit.³ Accordingly, we will grant the requested authorization, finding that it is not inconsistent with the public interest.

¹See Vector Pipeline L.P., 87 FERC ¶ 61,225 (1999).

²See Vector Pipeline L.P., 95 FERC ¶ 61,393 (2001).

³The Amended Presidential Permit is attached as an Appendix to this order.

Background and Proposal

3. On May 27, 1999, Vector was issued authorization pursuant to Section 3 of the Natural Gas Act and a Presidential Permit to construct, operate, and maintain natural gas facilities consisting of approximately 3,100 feet of 42-inch diameter pipeline and appurtenant facilities, with a maximum capacity of 1 MMDth of gas per day, to connect its facilities with those of Vector Pipeline Limited Partnership, at the international boundary between the United States and Canada at the St. Clair River.⁴ Vector was authorized to use these facilities to export gas from the United States to Canada. On June 13, 2001, the Commission granted Vector's request to amend the Presidential Permit to allow it to use the St. Clair border facilities to import gas from Canada to the United States, as well as export gas from the United States to Canada.⁵

4. As noted above, on November 22, 2002, Vector filed another request to amend the original Presidential Permit once again. Vector now seeks authority to increase the maximum capacity authorized to flow through the authorized cross-border facilities from 1MMDth per day to 1330 MMcf per day.⁶ This proposed increase is based on actual operating experience and updated system flow models. Vector states that it does not seek to change the physical configuration of the extant cross-border facilities, and thus there would be no environmental impact as a result of the requested change. Finally, Vector concludes that the requested change to the higher capacity will allow Vector to operate its facilities in accordance with their actual capacity. However, the maximum system design capacity, which is the maximum capacity sustainable on a year-round basis, remains unchanged.

Notice and Interventions

⁴See Vector Pipeline L.P., 85 FERC ¶ 61,083 (1988), order on reh'g, issuing certificate and presidential permit, and granting NGA Section 3 authorization, 87 FERC ¶ 61,225 (1999), order denying reh'g and order on complaint, 92 FERC ¶ 61,039 (2000).

⁵See Vector Pipeline L.P., 95 FERC ¶ 61,393 (2001).

⁶Vector's application does not specifically request an amendment of its existing Section 3 authorization for the subject facilities, but as the previously issued Section 3 authorization contains the same volumetric limitation as the Presidential Permit, we will amend it in this order as well.

5. Public notice of Vector's proposal was published in the Federal Register on December 30, 2002 (67 Fed. Reg. 79596). Comments were due by January 13, 2003. No interventions were filed. Accordingly, the proceeding is unopposed.

Discussion

6. Vector's proposal to increase the maximum capacity to flow through the existing facilities from 1MMDth per day to 1330 MMcf per day is subject to the jurisdiction of the Commission pursuant to NGA Section 3 and authority delegated by the Secretary of Energy.⁷

7. The Commission has reviewed Vector's application. The requested amendment would change the maximum daily capacity authorized for the natural gas facilities located at the St. Clair River at the international border between the United States and Canada to reflect actual maximum operating conditions. Granting the amendment will insure Vector has in place the necessary authorizations to maximize the ability of shippers to move their gas between the United States and Canada under appropriate operational and market conditions.⁸ We conclude that the proposal is not inconsistent with the public interest, provided that Vector continues to adhere to the operation procedures described in its original application as amended.⁹ As noted above, the Secretaries of State and Defense, respectively, have stated no objection to the Commission's approval of an Amended Presidential Permit for Vector's proposal. Accordingly, we will grant Vector's request to amend Section 3 authorization, as proposed, and issue the Amended Presidential Permit.

8. At a hearing held on April 30, 2003, the Commission on its own motion received and made a part of the record in this proceeding all evidence, including the application and exhibits thereto submitted in support of the authorizations sought herien, and upon consideration of the record,

⁷In Delegation Order No. 00-004.00, 67 Fed. Reg. 8946 (February 27, 2002), the Secretary of Energy delegated authority to perform certain functions with respect to the regulations of imports and exports of natural gas. See also Yukon Pacific Corporation, 39 FERC ¶ 61,216 (1987).

⁸As noted above, no change to the physical configuration of Vector's cross-border facilities themselves would be necessary to achieve the increased physical flow, and thus there will be no environmental impact as a result of the requested change.

⁹The Commission recently granted a similar request in Alliance Pipeline, L.P., 99 FERC ¶ 61,313 (2002).

The Commission orders:

(A) Vector is granted an amended Section 3 authorization and an amended Presidential Permit, as discussed in the body of this order, and as reflected in the appendix to this order.

(B) The authorizations granted in Ordering Paragraph (A) are subject to Vector's compliance with the conditions specified in the body of this order, and in those in the original May 27, 1999 order, as subsequently amended on June 13, 2001.

(C) Vector shall sign and return the Testimony of Acceptance of all provisions, conditions, and requirements of the Amended Presidential Permit to the Secretary of the Commission within thirty days of the issuance of this order.

(D) Vector shall notify the Commission's environmental staff by telephone or facsimile of any environmental noncompliance identified by other Federal, state, or local agencies on the same day such agency notifies Vector. Vector shall file written confirmation of such notification with the Secretary of the Commission within 24 hours.

By the Commission.

(S E A L)

Magalie R. Salas,
Secretary.

Appendix

PERMIT AUTHORIZING VECTOR PIPELINE L.P.
TO CONSTRUCT, OPERATE, AND MAINTAIN
NATURAL GAS TRANSMISSION FACILITIES
FOR IMPORT AND EXPORT OF NATURAL GAS
AT THE INTERNATIONAL BOUNDARY
BETWEEN THE UNITED STATES AND CANADA

FEDERAL ENERGY REGULATORY COMMISSION
DOCKET NO. CP98-131-005

(Issued May 7, 2003)

Vector Pipeline L.P. (Permittee), a limited partnership organized and existing under the laws of the State of Delaware with its principal place of business in Livonia, Michigan, filed in Docket No. CP98-131-005 on November 22, 2002, an application pursuant to Executive Order Nos. 10485 and 12038 and the Secretary of Energy's Delegation Order No. 00-004.00, seeking to amend a Presidential Permit authorizing Permittee to construct, operate, and maintain natural gas transmission facilities at the international border between the United States and Canada at the St. Clair River near St. Clair, Michigan.

By letter dated March 19, 2003, the Secretary of State, and by letter March 24, 2003, the Secretary of Defense, favorably recommended that the Amended Permit be granted. The Federal Energy Regulatory Commission finds that the issuance of an Amended Permit is appropriate and consistent with the public interest.

Pursuant to the provisions of Executive Order Nos. 10485 and 12038, dated September 3, 1953, and February 3, 1978, respectively, the Secretary of Energy's Delegation Order No. 00-004.00, effective December 6, 2001, and the Commission's Regulations, permission is granted to Permittee to construct, operate, and maintain natural gas transmission facilities described in Article 2 below, upon the terms and conditions of the Amended Permit.

Article 1. It is expressly agreed by the Permittee that the facilities herein described shall be subject to all provisions and requirements of this Permit. This Permit may be modified or revoked by the President of the United States or the Federal Energy Regulatory Commission and may be amended by the Federal Energy Regulatory Commission upon proper application therefor.

Article 2. The following facilities are subject to this Permit:

Approximately 3,100 feet of 42-inch diameter pipeline and appurtenant facilities, with a maximum capacity of 1330 MMcf/d as the peak flow capacity which will connect Permittee's facilities with those of Vector Pipeline Limited Partnership, Permittee's Canadian affiliate, at the international boundary between the United States and Canada at the St. Clair River near St. Clair, Michigan.

Article 3. The natural gas facilities authorized herein, or which may subsequently be included herein by modification or amendment, may be utilized for the transportation of natural gas between Canada and the United States only in the amount, at the rate, and in the manner authorized under Section 3 of the Natural Gas Act.

Article 4. The construction, operation, maintenance, and connection of the aforesaid facilities shall be subject to the inspection and approval of representatives of the United States. The Permittee shall allow officers and employees of the United States, showing proper credentials, free and unrestricted access to the land occupied by the facilities in the performance of their official duties.

Article 5. If in the future it should appear to the Secretary of the Army that any facilities or operations permitted hereunder cause unreasonable obstruction to the free navigation of any of the navigable waters of the United States, the Permittee may be required, upon notice from the Secretary of the Army, to remove or alter the same so as to render navigation through such waters free and unobstructed.

Article 6. The Permittee shall be liable for all damages occasioned to the property of others by the operation or maintenance of the facilities, and in no event shall the United States be liable therefor. The Permittee shall do everything reasonable within its power to prevent or suppress fires on or near land occupied under this Permit.

Article 7. The Permittee agrees to file with the Commission, under oath and in such detail as the Commission may require, such statements or reports with respect to the natural gas exported or the facilities described herein, as the Commission may, from time to time, request. Such information may be made available to any federal, state, or local agency requesting such information.

Article 8. Neither this Permit nor the facilities, nor any part thereof, covered by this Permit shall be voluntarily transferred in any manner, but the Permit shall continue in effect temporarily for a reasonable time in the event of the involuntary transfer of the facilities by operation of law (including transfer to receivers, trustees, or purchasers under foreclosure or judicial sale) pending the making of an application for a permanent Permit and decision thereon, provided notice is promptly given in writing to the Commission

accompanied by a statement that the facilities authorized by this Permit remain substantially the same as before the involuntary transfer. The Permittee shall maintain the facilities in a condition of repair for the efficient transportation of natural gas and shall make all necessary renewals and replacements.

Article 9. Upon the termination, revocation, or surrender of this Permit, the transportation facilities herein authorized shall be removed within such time as the Commission may specify, and at the expense of the Permittee. Upon failure of the Permittee to remove such transportation facilities or any portion thereof, the Commission may direct that possession of the same be taken and the facilities be removed, at the expense of the Permittee, and the Permittee shall have no claim for damages by reason of such possession or removal.

Article 10. The Permittee agrees that when, in the opinion of the President of the United States, evidenced by a written order addressed to it as holder of this Permit, the safety of the United States demands it, the United States shall have the right to enter upon and take possession of any of the facilities, or parts thereof, maintained or operated under this Permit, and all contracts covering the transportation or sale of natural gas by means of said facilities, to retain possession, management, and control thereof for such length of time as may appear to the President to be necessary to accomplish said purposes, and then to restore possession and control to the Permittee; and in the event that the United States shall exercise such right it shall pay the Permittee just and fair compensation for the use of said facilities upon the basis of a reasonable profit in time of peace, and the cost of restoring said facilities to as good condition as existed at the time of taking over thereof, less the reasonable value of any improvements that may be made thereto by the United States and which are valuable and serviceable to the Permittee.

Article 11. This Permit is subject to any action which the Government of the United States may in the future deem expedient or necessary to take in case any part of the aforesaid facilities comes into the control of any foreign government.

Article 12. The Government of the United States shall be entitled to the same or similar privileges as may by law, regulation, agreement, or otherwise, be granted by the Permittee to any foreign government.

Article 13. The Permittee will provide plans for the operation and maintenance of the facilities in Canada to the Commissioner for Canada, International Boundary Commission, and to the United States Commissioner of the International Boundary Commission, for review and approval in order to assure that the construction, operation, and maintenance of the boundary crossing facilities are consistent with boundary and water treaties and other agreements in force between the United States and Canada.

Docket No. CP98-131-005

- 8 -

By direction of the Commission.

Magalie R. Salas,
Secretary.

IN TESTIMONY OF ACCEPTANCE of all the provisions, conditions and requirements of this Permit, the Permittee this day of May ___, 2003 has caused its named to be signed by _____, pursuant to a resolution of its Board of Directors duly adopted on the ___ day of _____, 2003, a certified copy of the record of which is attached hereto.

Vector Pipeline L.P.

By _____

(Attest)

Executed in triplicate